

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML49492	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company, LLC				9. WELL NAME and NUMBER: Tidewater State 23-2	
3. ADDRESS OF OPERATOR: 1645 Court Pl, Ste 301 Denver CO 80202				PHONE NUMBER: (303) 468-0656	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2016.6 FSL, 625.7 FEL 644305X 38.963492 AT PROPOSED PRODUCING ZONE: 2016.6 FSL, 625.7 FEL 4313838Y -109.333756				10. FIELD AND POOL, OR WILDCAT: Wildcat Greater Cisco	
11. QTR/OTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 23 21S 23E				12. COUNTY: Grand	
13. STATE: UTAH				14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 625		16. NUMBER OF ACRES IN LEASE: 600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 10	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) na		19. PROPOSED DEPTH: 1,100		20. BOND DESCRIPTION: Single Well	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): Ground level = GL = 4335'		22. APPROXIMATE DATE WORK WILL START: 2/1/2006		23. ESTIMATED DURATION: 7 days	

24. PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12.25"	8 5/8" K55 24	500	Redi-mix cement,	300 CF	1.18 ^{cf} / _{sq} 15.6 12 ppg
6.5"	4.5 K55 10.5	1,100	Class G w/ 5% gel,	240 CF	1.64 ^{cf} / _{sq} 13.8 12 ppg
			4% Cello flakes,		
			2% CACL		

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) James Jones TITLE President Manager
SIGNATURE [Signature] DATE 1/1/2006 2/06/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31467

Approved by the
Utah Division of
Oil, Gas and Mining

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FEB 09 2006

(11/2001)

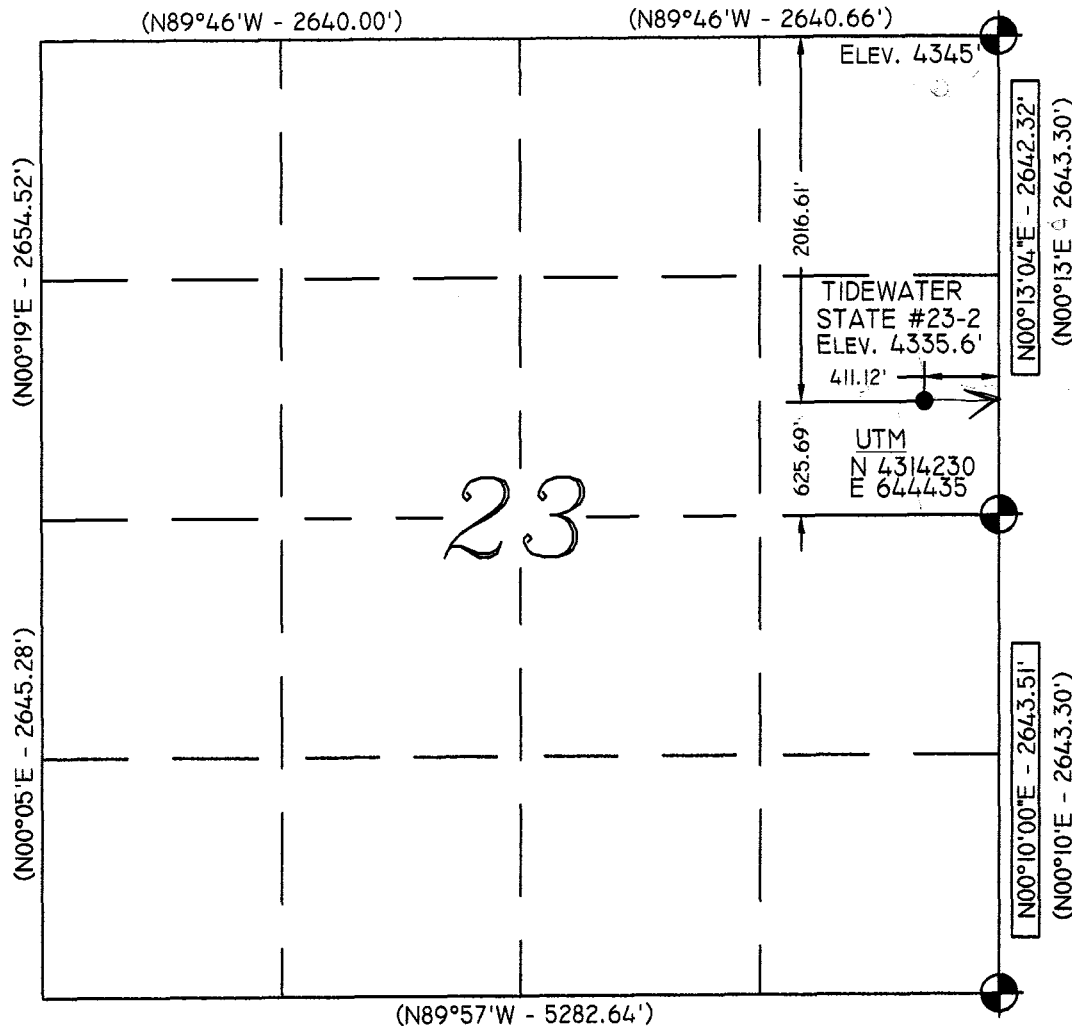
(See Instructions on Reverse Side)

By: [Signature]

DIV. OF OIL, GAS & MINING

Range 23 East

Township 21 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

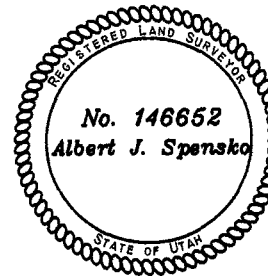
Basis of Elevation of 4345' being at the Northeast Section Corner of Section 23, Township 21 South, Range 23 East, Salt Lake Base and Meridian, as shown on the Cisco Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SE/4 NE/4 of Section 23, T21S, R23E, S.L.B.&M., being 625.69' North and 411.12' West from the East Quarter Corner of Section 23, T21S, R23E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net

TIDEWATER

Tidewater State #23-2

Section 23, T21S, R23E, S.L.B.&M.

Grand County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date: 1/6/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2156

Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO

GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
38°58'01.254"N
109°19'58.320"W

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.

TIDEWATER OIL & GAS COMPANY LLC

1645 Court Place, Suite 301

Denver, Colorado 80202

(303) 468-0656

September 13, 2006

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Application for Permit to Drill – Location exception letter
Tidewater State 23-2
SENE Sec 23, T21S, R23E
State Lease - ML49492
Grand County, Utah

Dear Utah Division of Oil, Gas & Mining:

Tidewater Oil & Gas, LLC requests a permit to drill without a surface owners agreement for **Tidewater State 23-2**. Tidewater Oil & Gas has made several attempts to contact any heirs of the deceased landowner of record. Tidewater Oil & Gas, LLC also requests an exception location “due to an offset operator having a well closer than spacing requirements to the lease line” (Sweetheart 5A).

Your assistance in rectifying this matter would be greatly appreciated. If you have questions, please call me at (303)808-5672.

Thank You,
Tidewater Oil & Gas Company, LLC

A handwritten signature in black ink that reads "Roger Knight". The signature is written in a cursive, flowing style.

R. E. Knight
Engineer

APD Checklist

TIDEWATER State
23-2

The APD shall include (please attach two copies if for State or Fee surface):

1. X A completed and signed Form 3 (application to drill, deepen or reenter). Make sure all blanks are filled and boxes are checked.
2. X Contact information and phone number for surface owner.
3. X Location plat.
4. NA Water Rights approval.
5. X Estimated geologic markers.
6. X Estimated top and bottom of anticipated water, oil, gas, other mineral zones and plans for their protection.
7. X Plan for pressure control (BOPE), including schematic and casing test.
8. X Description of mud system, including mud weights.
9. X Plans for testing, logging and coring.
10. X Expected bottom hole pressure, any anticipated abnormal pressures, temperatures, or hazards and plans for mitigation of them.
11. X Casing design (size, type, weight).
12. X Cement design (type, weight, yield, estimated top, # sacks).
13. NA Diagram of horizontal or directional well bore path including directional survey plan.
14. NA Designation of agent if necessary.
15. X Bond.
16. X Affidavit of Surface agreement.
17. NA Exception location application (if needed).

An application for directional drilling shall also include:

18. Plat showing surface location, section and lease lines, target location, points along the well bore where owner consent has been obtained.
19. Reason for deviation.

RECEIVED

FEB 09 2006

http://168.178.199.154/publms/pub_contr_fr1.jsp - Microsoft Internet Explorer

Contract Search:

Contract Status: help

Lease Class: clear

Isenbr: find

Isesuffix:

Lessee name:

lease type:

township: ☐ N ☒ S

range: ☐ W ☒ E

section:

Map Photo Contract

Contract: ML 49492.0 **Status:** Active contract
Type: OIL GAS & HYDROCARBON **Acres:** 600.00

Approved: 11/5/2004 **Lessee:** TIDEWATER OIL & GAS COMPANY LLC
Beginning: 12/1/2004 1645 COURT PLACE, SUITE 301
Expiration: 11/30/2014 DENVER CO 802024504

Primary Term: 10 **Production Status:** Not Defined
Rip Waiver: 0 **Administrator:** Bonner, Edward W.
Rec Status: Active **Reason:** Not defined
Cancelled:

Select Lease from List Below:

ML	49492.0	OIL GAS & HYDROCARBON	1	TRS	County	Bene	Type	Layer	Acres
TIDEWATER OIL & GAS COMPANY LLC				T21.0S R23.0E S22 SL	GRND	SCH	Use	O&G	200.00
Competitive Bid				Legal Descr: S2NE4, N2SE4, SE4SE4					
				T21.0S R23.0E S23 SL	GRND	SCH	Use	O&G	400.00
				Legal Descr: E2NE4, S2					
Total:									600.00

Click to View:

- legal description
- comment
- Payment History
- Beneficiary Interest
- Lease Report

Done Internet

start Novell-delivered A... 1 work due.xls OIL & GAS INFOR... Internet Explorer 1:23 PM

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DIV. OF OIL, GAS & MINING

Tidewater Oil & Gas, LLC

James Jones, President
645 Court Pl, Ste 301
Denver, Co. 80202
303-468-0656

Tidewater State 23-2

SENE Sec 23, T21S, R23E

2016.61 FEL, 625.69 FEL

Elevation ² = 4335.5' ground level

Contact Phone Number

James Jones - 303-468-0656

Lease Type

State Lease

Water Rights

Water used for drilling and completion operations will be purchased from the City of Cisco or Thompson Springs for this project.

Estimated Formation Tops

	Hydrocarbon Bearing	Md, Ft.
Mancos		0
Silt		250
Dakota Silt	HC	276
Dakota Sand	HC	384
Morrison	HC	550
TD		1100

Any anticipated water would be covered by the surface casing set at 500'

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DIV. OF OIL, GAS & MINING

Tidewater State 23-2

SENE Sec 23, T21S, R23E

2016.61 F~~EL~~L, 625.69 FEL

Elevation = 4335.5' ground level

Drilling Program

1. Move in. Rig up
2. Drill and cement conductor pipe to 12'. Cement pipe with cement to surface. Wait on cement for 12 hours.
3. Drill 12 1/2" hole to 500 ft. using air/mist/fresh water system. Take directional survey at 250' and at 500'. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
4. Run surface pipe to TD. Cement casing in hole from TD to surface. Estimate 300 cf of cement required.
5. Wait 12 hours on cement. Install casing head.
6. Rig up BOPE equipment. Test BOPs to 3000 psi. Test casing to 1500 psi. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
7. Drill 6 1/2" hole from 500' to 1100' using air/ air mist. Take deviation survey every 250'. Use low solids dispersed mud if required. Drill hole to match casing length.
8. Circulate hole with a low solids dispersed mud. Run Resistivity log, Gamma Ray, Neutron Log from total depth to surface casing.
9. Run production casing to TD. Cement casing from TD to surface casing with 240 cubic feet of Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Land casing with Model R casing head.
10. Rig down. Move rig off location.

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FEB 09 2006

DIV. OF OIL, GAS & MINING

Tidewater State 23-2

SENE Sec 23, T21S, R23E

2016.61 FNL, 625.69 FEL

Elevation \approx 4335.5' ground level

Well Equipment and Procedures

Anticipated Water bearing formations

Surface casing set and cemented to 500' will isolate and protect any potential fresh water zones encountered. Any other water or hydrocarbon bearing zones below 500' will be isolated with casing and cement when the well is completed.

Pressure Control Equipment

Well will utilize a 3000 psi BOP. The BOP will have a pipe rams, blind rams and a hydril. A rotating head will be utilized while drilling with air. All BOPs will be tested to 3000 psi when the equipment is installed and if the integrity of the pressure control system is compromised during drilling operations.

Casing Program

Casing

Run guide shoe and fill-up collar one joint above bottom. Install centralizers on every other joint of casing. Add centralizer across all productive zones.

Surface pipe – 8 5/8", 24 #/ft, J55

Production – 4 1/2", 10.5 #/ft, J55

Cementing

Surface pipe will be cemented to surface using redi-mix cement and the rig pump. An estimated 300 cu. ft of 12 ppg cement will be used to cement the casing.

\rightarrow submitted @ 15 15.6 ppg per Eger-Kingut

Production string will be cemented from TD to Surface pipe using Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Cement volumes to be confirmed from logs. Fifty percent excess will be included in calculations. An estimated 240 cu. ft of 12 ppg cement will be used to cement the casing.

\rightarrow submitted is 13.8 ppg per Eger-Kingut

Circulating Medium

The well will be drilled utilizing air or air mist. If required, a nondispersed, low solids 9.0 ppg mud will be used in the well. Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations. Viscosity will be maintained at 40 for logging.

Well Testing

Mud Logging

An on-site geologist will be on location from surface to total depth. Take samples every 15 feet while drilling. Hydrocarbon monitoring and detection equipment will be utilized during drilling operations.

Logging Program

The well will be logged from TD to surface casing with a Resistivity log, Gamma Ray log and Compensated Neutron Log.

Deviation

Take deviation survey every 250'. Maximum change will be 2° between surveys. This will be a vertical well.

Anticipated Pressures & Potential hazardous conditions

Anticipated formation pressures will be under hydrostatic gradient. Expected bottom hole pressure is estimated to be 400 psi.

No abnormal pressures or temperatures are anticipated.

No hydrogen sulfide gas is anticipated.

Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4335.6'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4335.1'



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195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonsetv.net

TIDEWATER

LOCATION LAYOUT

Section 23, T21S, R23E, S.L.B.&M.

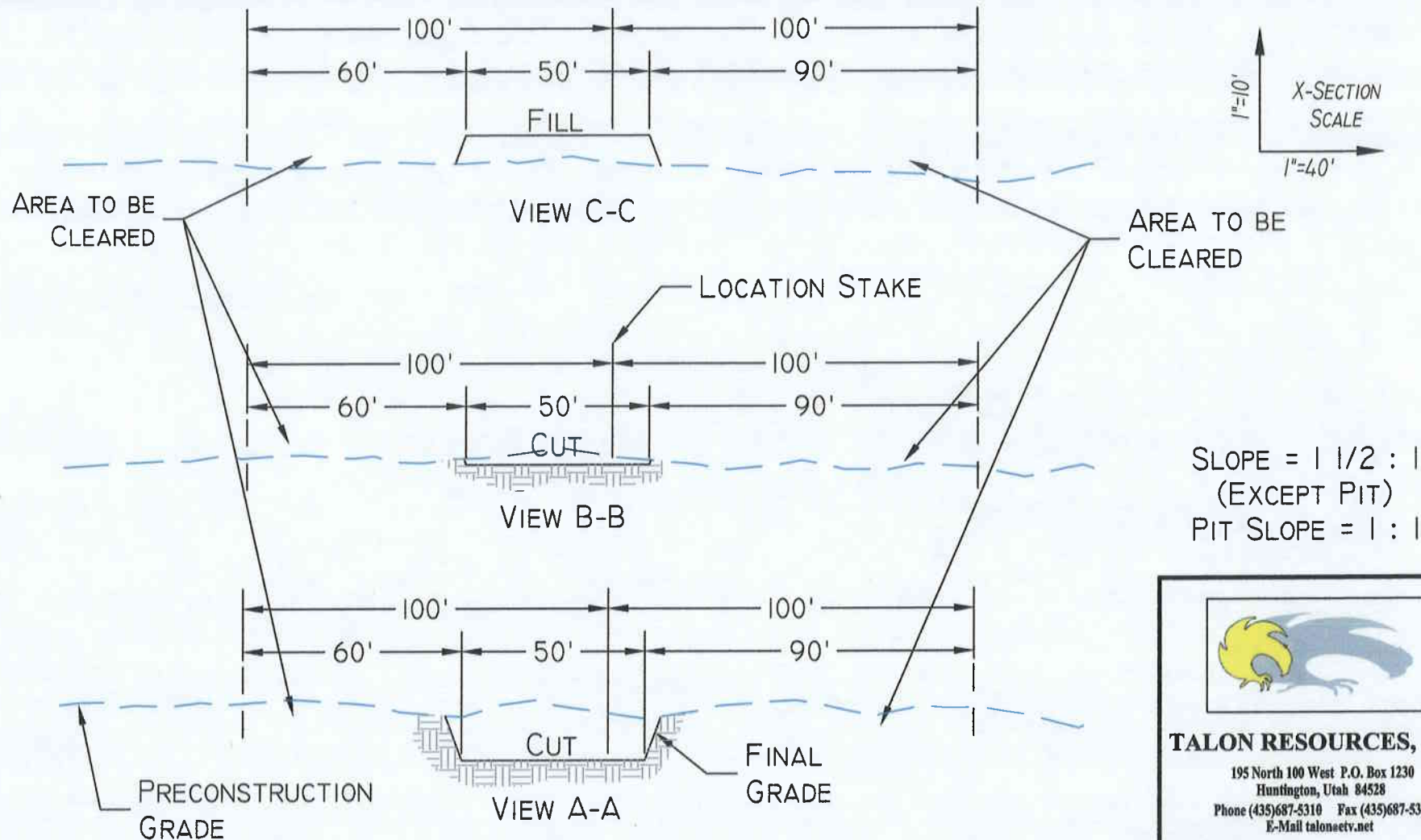
Tidewater State #23-2

DRAWN BY: N. BUTKOVICH	CHECKED BY: L.W.J.
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DRAWING NO. A-2	DATE: 1/6/06
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	SCALE: 1" = 50'
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SHEET 2 OF 4	JOB NO. 2156
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APPROXIMATE YARDAGES

CUT

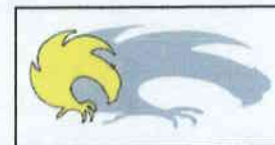
(6") TOPSOIL STRIPPING = 50 CU. YDS.

REMAINING LOCATION = 120 CU. YDS.

(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 135 CU. YDS.

TOTAL FILL = 45 CU. YDS.



TALON RESOURCES, INC.

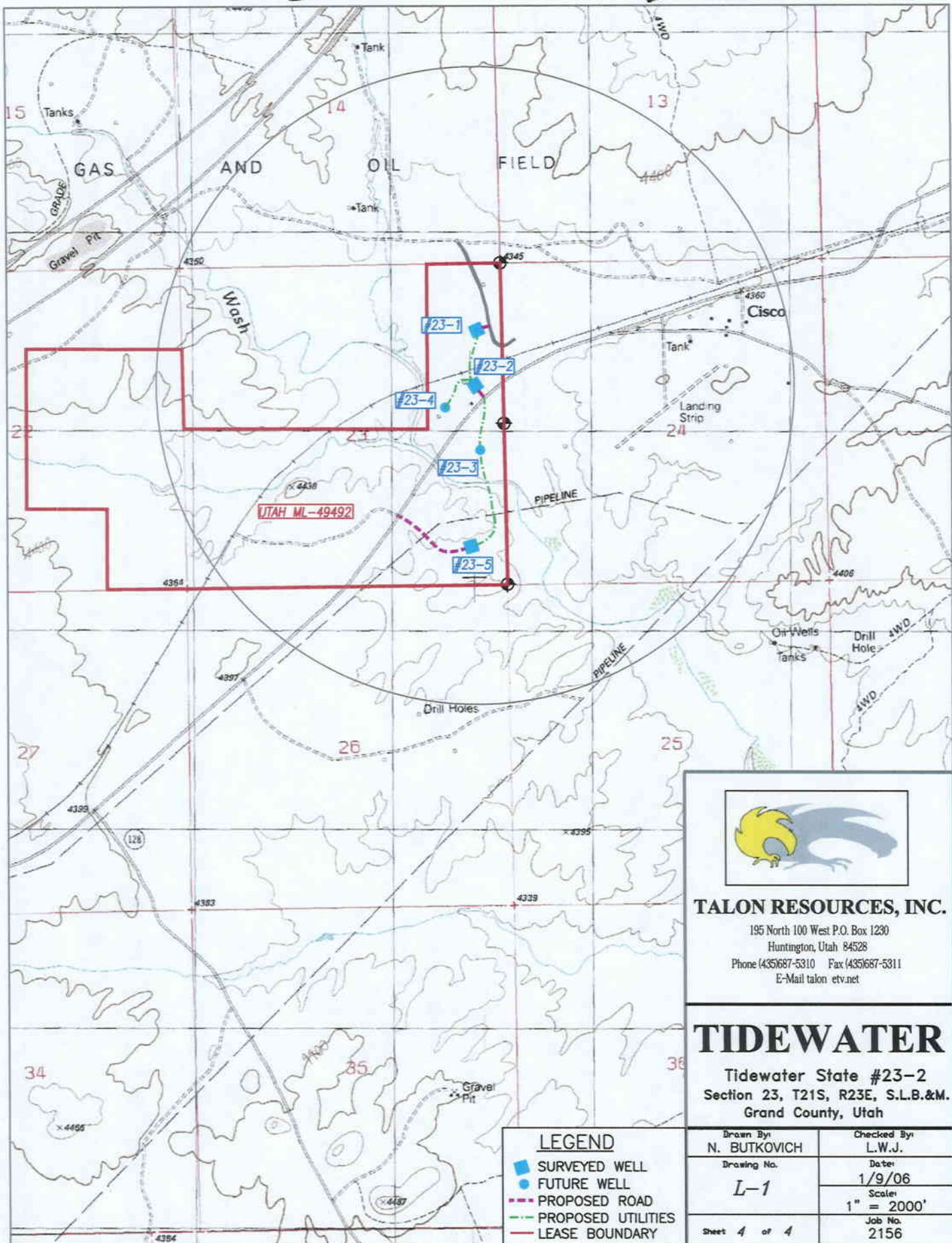
195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
E-Mail talonsectv.net

TIDEWATER

TYPICAL CROSS SECTION
Section 23, T21S, R23E, S.L.B.&M.
Tidewater State #23-2

DRAWN BY: N. BUTKOVICH	CHECKED BY: L.W.J.
DRAWING NO. C-1	DATE: 1/6/06
	SCALE: 1" = 40'
SHEET 3 OF 4	JOB NO. 2156



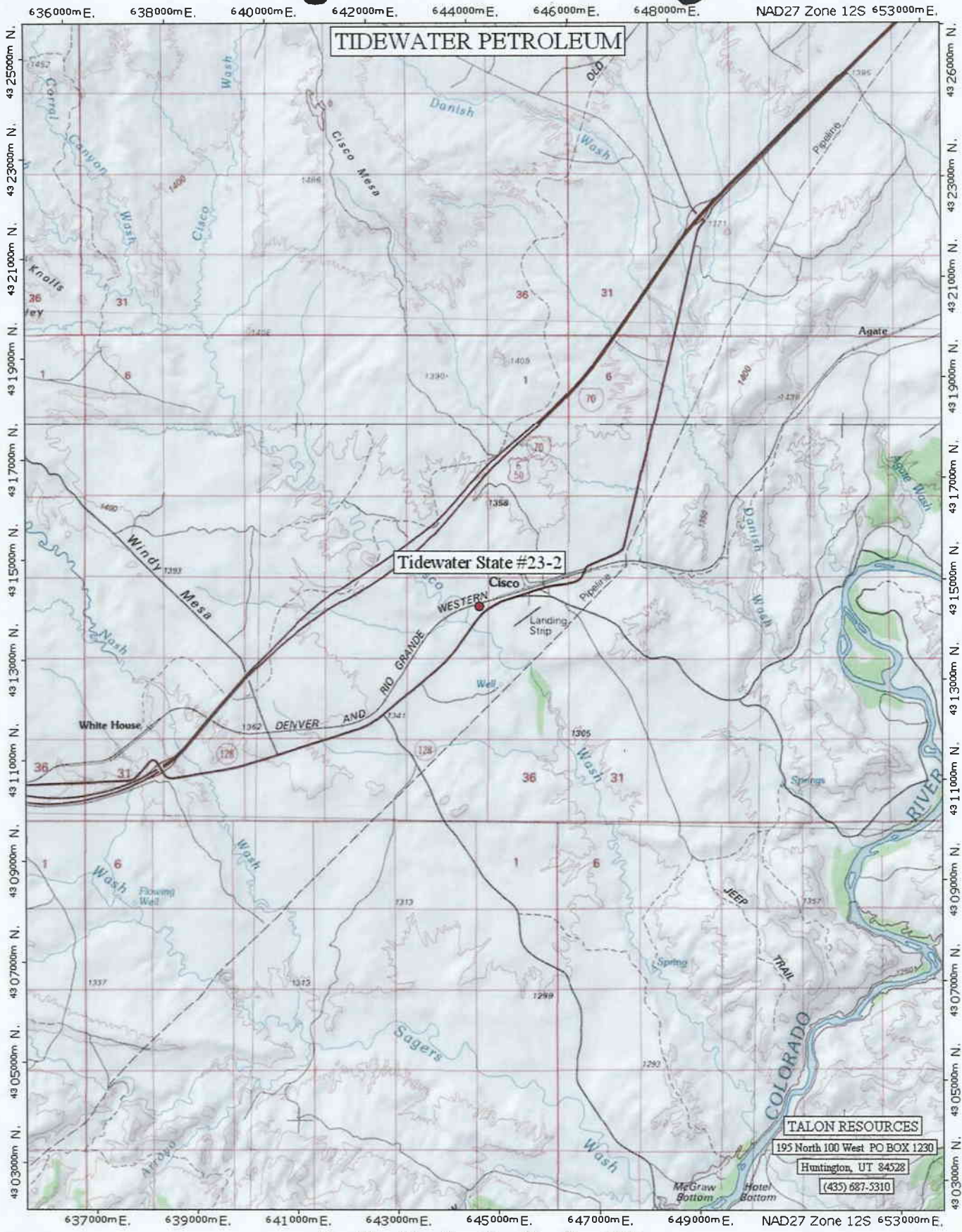
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon etv.net

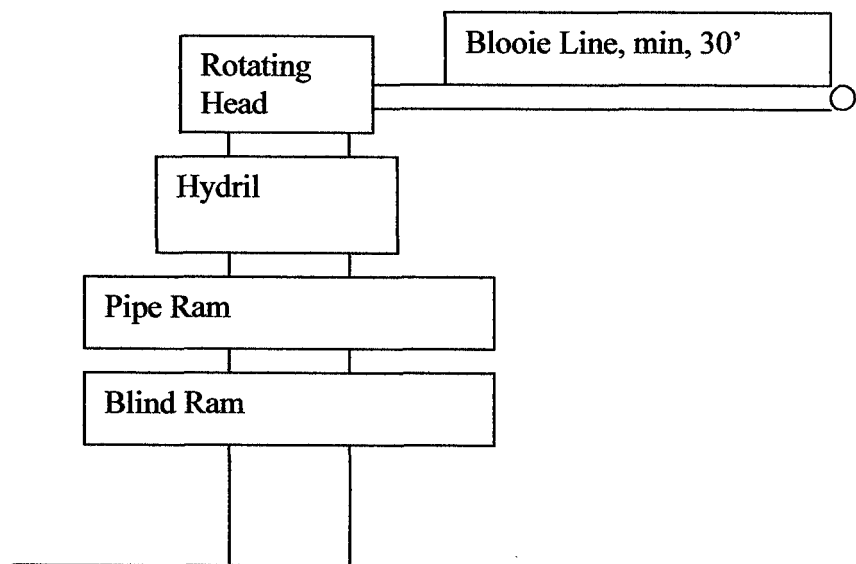
TIDEWATER

Tidewater State #23-2
Section 23, T21S, R23E, S.L.B.&M.
Grand County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. L-1	Date 1/9/06
	Scale 1" = 2000'
Sheet 4 of 4	Job No. 2156



Tidewater BOP Schematic



Tidewater and Drilling Contractor will take all precautions required to maintain control of the well during drilling.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/09/2006

API NO. ASSIGNED: 43-019-31467

WELL NAME: TIDEWATER ST 23-2

OPERATOR: TIDEWATER OIL & GAS CO (N3000)

PHONE NUMBER: 303-468-0656

CONTACT: JAMES JONES

PROPOSED LOCATION:

SENE 23 210S 230E

SURFACE: 2016 FSL 0411 FEL

BOTTOM: 2016 FSL 0411 FEL

COUNTY: GRAND

LATITUDE: 38.966903 LONGITUDE: -109.332997

UTM SURF EASTINGS: 644424 NORTHINGS: 4314218

FIELD NAME: GREATER CISCO (205)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	3/27/06
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML49492

SURFACE OWNER: ~~State~~ FEE

PROPOSED FORMATION: MRSN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 394312163451)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. Municipal)
☒ RDCC Review (Y/N)
(Date: _____)
Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.
Unit: _____
____ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
____ R649-3-3. Exception
☒ Drilling Unit
Board Cause No: 102-166
Eff Date: 11-15-1979
Siting: See Cause Order
____ R649-3-11. Directional Drill

COMMENTS: Needs Permit (03-09-06)

STIPULATIONS: 1- STATEMENT OF BASIS
2- PERMITTED WITHOUT SURFACE AGREEMENT STIP

BUCKHORN-
NUGGET 14-2
◇ BUCKHORN-
NUGGETT 14-22B
◇ BUCKHORN-
NUGGET 14-22

SWEETHEART
14-02
◇
C-UNGI
14-21-23-1
◇

NUGGETT
14-4
◇

GOLDEN FEE 1
◇

T21S R23E

GOVT-STRAT 2
◇

PEERLESS
OIL COMPANY 1
◇

PETRO-X 23-1
◇

PAULSON
23-2
◇

VANOVER
FEE 4
◇
WHYTE-
STATE 1
◇
LITTLE BOY 1
SWEETHEART 7
◇

KENMORE
24-25 (5)
◇

SWEETHEART
5A
◇

WHYTE
STATE 5
◇

WHYTE
STATE 3
◇

LITTLE BOY 2
SWEETHEART 2A
◇

STATE 1
◇

WHYTE-
STATE 2
◇

CUNG
24-21-23-4A
◇
24

GREATER CISCO FIELD

CAUSE: 102-16B / 11-15-1979

GOVT-
STRAT 1
◇

TIDEWATER
ST 23-2
◇

TIDEWATER
ST 23-1
◇

TIDEWATER
ST 23-5
◇

UTAH
SOUTHERN
OIL CO 2
◇

PAULSON
STATE 23-3
◇

WESTERN
CRUDE OIL CO 1
◇

WESTERN CRUDE
OIL CO 2
◇

WESTERN
CRUDE OIL CO 3
◇

PAULSON 26-1
◇

OPERATOR: TIDEWATER O&G CO (N3000)

SEC: 23 T. 21S R. 23E

FIELD: GREATER CISCO (205)

COUNTY: GRAND

CAUSE: 102-16B / 11-15-1979

Field Status

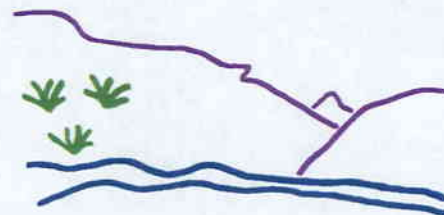
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 22-FEBRUARY-2006

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: Tidewater Oil & Gas Company, LLC
WELL NAME & NUMBER: Tidewater State 23-2
API NUMBER: 43-019-31467
LOCATION: 1/4,1/4 SENE Sec:23 TWP: 21S RNG: 23E 2016.6 FSL 625.7 FEL

Geology/Ground Water:

This well will spud into a poorly permeable soil formed on Quaternary Alluvium covering the Upper Portion of the Blue Gate Member of the Mancos Shale. No high quality ground water resource is likely to be encountered during the drilling of this well. The proposed casing and cement program will otherwise adequately isolate any water-bearing strata. No underground water rights have been filed within a mile of the location. Please note that the aliquot for this location may be incorrect. It is cited on the APD and the well plat as being in the SENE, but the footage departure call places the well in the NESE. If the footage departure call proves incorrect and the aliquot is correct it will likely change the description of the surficial geology at the spud site to a minor degree, perhaps eliminating or altering the nature of the covering Quaternary sediments, but not affecting the essential geology pertaining to the integrity of the casing, cement and borehole.

Reviewer: Christopher J. Kierst **Date:** 3/17/06

Surface:

On-site conducted March 9, 2006. In attendance: Bart Kettle (DOGM), Norman Woods (Tidewater Oil & Gas Company, LLC.), and Ed Bonner (SITLA). Invited but choosing not to attend Nathan Sill (DWR).

Regardless of recent grazing actively in the area, reserve pits will be fenced on all four sides upon the removal of the drilling rig. A right-of-way for the portions of the access road that crosses state lands outside of Tidewaters lease boundaries will be required.

Reviewer: Bart Kettle **Date:** March 15, 2006

Conditions of Approval/Application for Permit to Drill:

1. Fence Reserve Pit on all four sides upon removal of drilling rig.
- 2.
- 3.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Tidewater Oil & Gas Company, LLC

WELL NAME & NUMBER: Tidewater State 23-2

API NUMBER: 43-019-31467

LEASE: State FIELD/UNIT: Greater Cisco

LOCATION: 1/4, 1/4 SENE Sec: 23 TWP: 21S RNG: 23E 2016.6 FSL 625.7 FEL

LEGAL WELL SITING: See Board Order 102-16B

GPS COORD (UTM): X =644365 E; Y =4313838 N SURFACE OWNER: SITLA

PARTICIPANTS

Bart Kettle(DOGM), Ed Bonner (SITLA) and Norman Woods (Tidewater)
Invited but choosing not to attend Nathan Sill (DWR).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is less than one mile from the town of Cisco, Grand County Utah. The location is on flat ground south of I-70 in a 6-8" precept zone. Salt scrub rangelands and Mancos clay flats surround the well site. Topography immediately adjacent to the well is predominantly rolling clay hills cut by many small gullies. Water drainage is to the southeast entering the Colorado River within 10 miles. There were no perennial streams or springs observed in close proximity to the location. Drainages in the immediate area are ephemeral in nature, being dry throughout the warmer months of the year.

SURFACE USE PLAN

CURRENT SURFACE USE: Winter cattle grazing, wildlife habitat, seasonal recreation, oil and gas development.

PROPOSED SURFACE DISTURBANCE: 150' x 200' location will be used in the drilling of the well to store tanks, equipment and to park vehicles. A 50' x 50' pad will be cut to grade in the center of the location for the rig to sit during drilling, the remainder of the location will not be cut to grade.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: Many Plugged and Abandoned wells. Producing and shut-in wells: Petro-X 23-1, Whyte State #2, Gibraltar #1, Paulson 23-2, Sweetheart 7, Sweetheart 5A, Little Boy 1, and Sweetheart 2A.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: A wellhead, pump, separator, dehydrator, and tank battery will be installed. All will be painted a flat Carlsbad tan color.

SOURCE OF CONSTRUCTION MATERIAL: On-site

ANCILLARY FACILITIES: Camp Trailer for Tool Pusher, Company man and mud logger may be used on location.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Drilling at this location is not expected to generate significant public concern. The closest residence are located ~1 mile away in Cisco. Drilling in this area would not be considered an new activity as the town of Cisco and the surrounding areas have existing wells located throughout them.

WASTE MANAGEMENT PLAN:

Human waste will be disposed of in chemical toilets, which will be hauled to a state approved dump station. All trash will be placed in a portable trash cage. It will be hauled to a county landfill, there will be no trash burial or burning.

Drill cuttings will be constrained in the reserve pit. Produced liquid hydrocarbons will be constrained in test tanks during completion and testing.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: No wetlands will be affected by the drilling of this well.

FLORA/FAUNA: Pronghorn antelope, rabbits, prairie dogs, songbirds, raptors, rodents, snakes and lizards.

Grasses: Cheatgrass. Forbs: Halogeton, and buttercup. Shrubs: Nuttles saltbrush, bud sage and black greasewood. Trees: None.

SOIL TYPE AND CHARACTERISTICS: Light gray Clay and clay loam, dark gray shale and sandstone fragments.

SURFACE FORMATION & CHARACTERISTICS: Mancos-mixture of fine deposited soils and decomposing shale. Soils are erosive in nature due to lack of litter/vegetation over surface area. Most of the soils in this area are very salty in nature. Portions of the soils have accumulations of white salt crystals at the surface for a majority of the year.

EROSION/SEDIMENTATION/STABILITY: Most of the project area lays in areas of clay and clay loam soils ranging from high to moderate potential for wind erosion. The project area has moderate water erosion potential. Soil erosion would increase during the initial construction phase of the project. Removal of vegetation and physical soil crust will reduce surface soil aggregates and therefore reduce soil stability. Loose unstable berms of soil will be left along the roadside and water runoff patterns will be re-directed. These factors will contribute to increased potential for wind and water erosion. As vegetation recovers, and soil crusts recover along the roadway soils will become more stable. Wind and water erosion rates would be partially reduced, but still accelerated from normal rates.

PALEONTOLOGICAL POTENTIAL: None noted

RESERVE PIT

CHARACTERISTICS: 12'x12'x6'

LINER REQUIREMENTS (Site Ranking Form attached): Liner Not Required

SURFACE RESTORATION/RECLAMATION PLAN

Upon the completion of drilling the well site will be cleared of all debris, material and junk not needed for production. Reclamation will start when the reserve pit is dry. Areas not needed for production will be backfilled, contoured to a natural shape and topsoil spread. Bare areas will be seeded in the fall or early winter, and sown areas will be left rough after seeding. If well is plugged all new road construction and well pad will be reclaimed.

SURFACE AGREEMENT: As per SITLA mineral lease.

CULTURAL RESOURCES/ARCHAEOLOGY: None observed.

OTHER OBSERVATIONS/COMMENTS

Tidewater will be required to acquire a right-away from SITLA for the portions of the access road that cross state lands outside of their lease.

ATTACHMENTS

Photos of this location were taken and placed on file.

Bart Kettle
DOGM REPRESENTATIVE

March 15, 2006 3:36 p.m.
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 0 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





State Online Services

Agency List

Business.utah.gov

Search Utah.gov

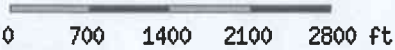
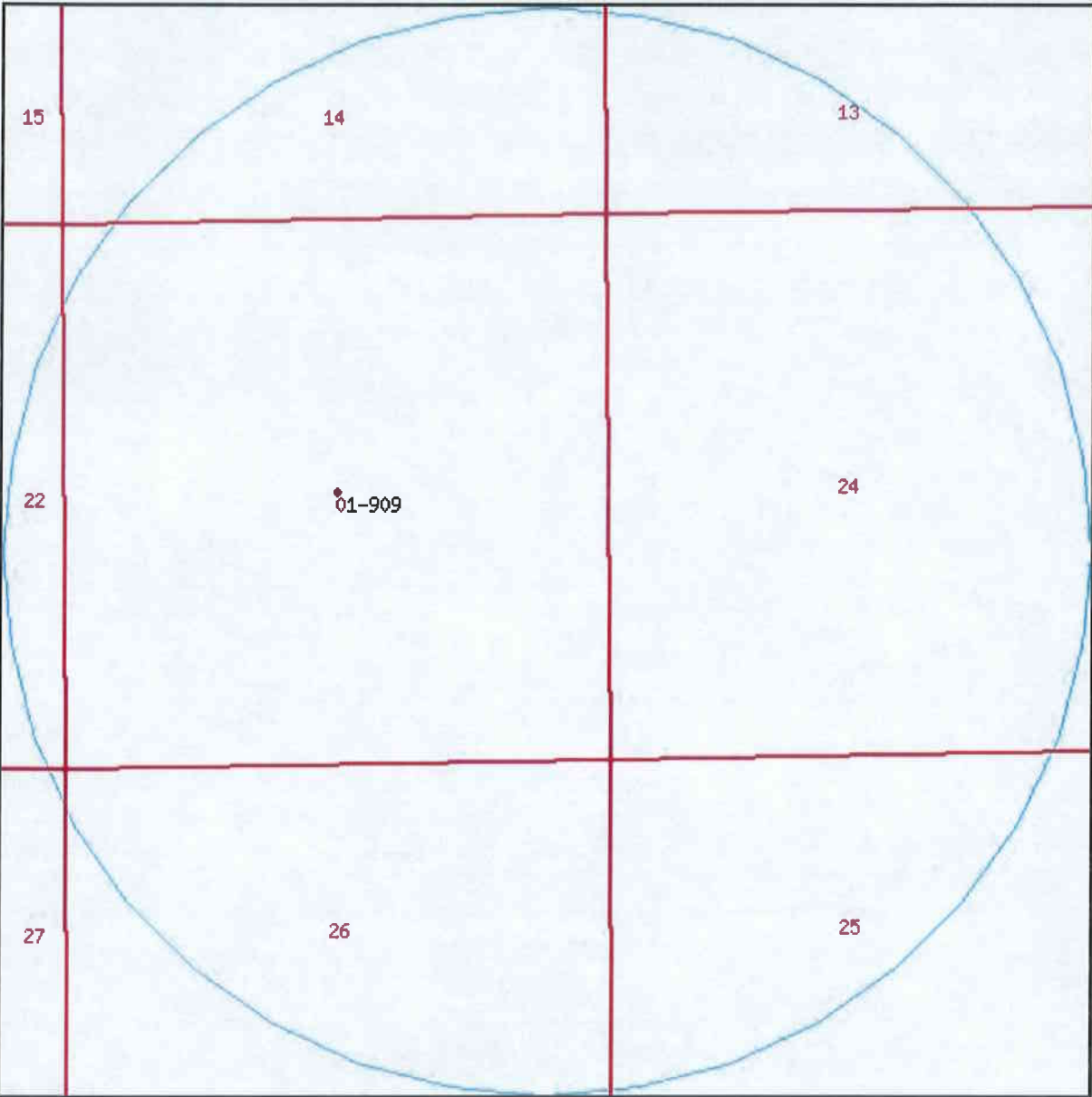
GO

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 03/17/2006 02:17 PM

Radius search of 5280 feet from a point N2016.6 W625.7 from the SE corner, section 23, Township 21S, Range 23E, SL b&m
Criteria:wrtypes=W,C,E podtypes=all status=U,A,P usetypes=all

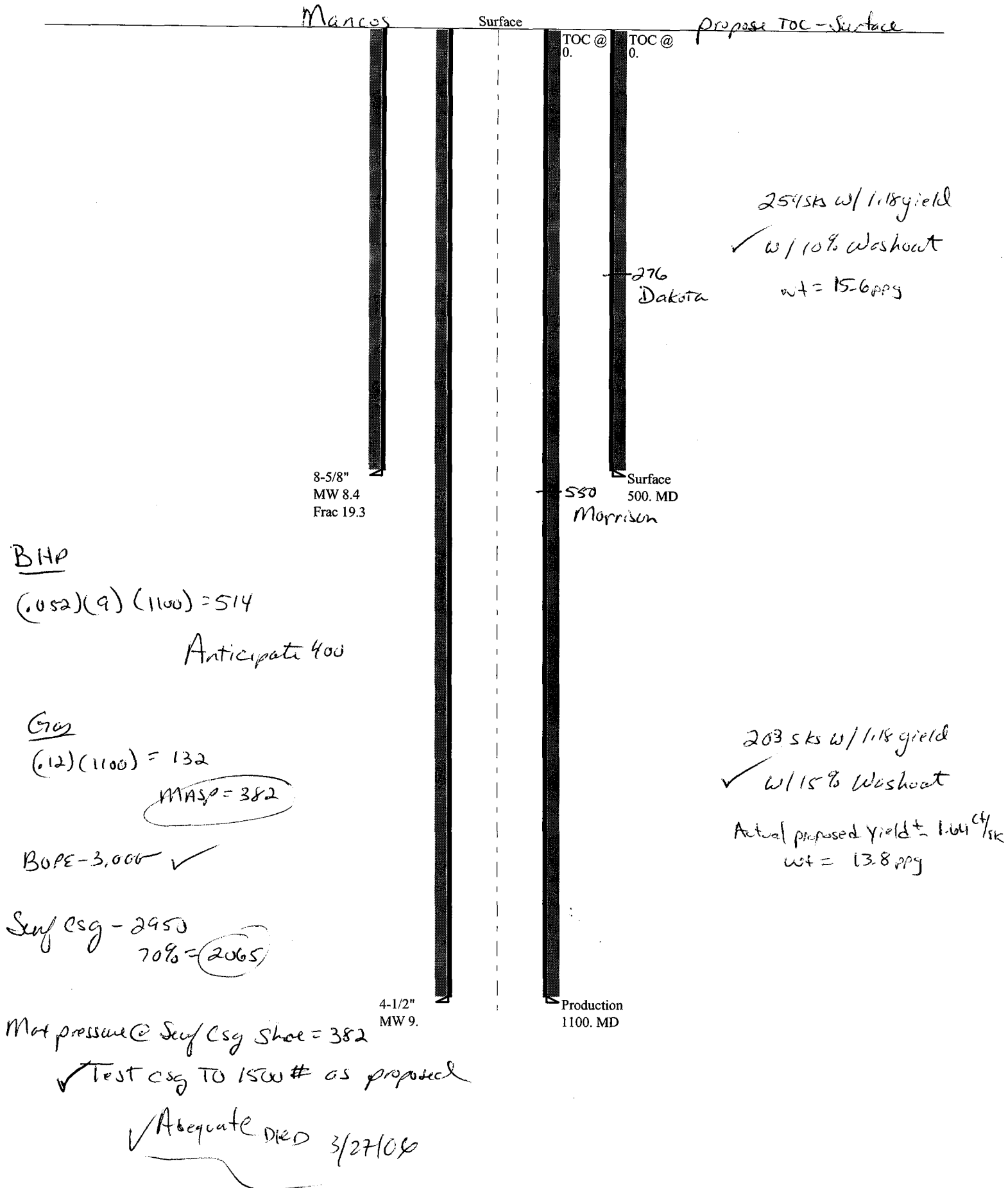


Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>01-909</u>	Point to Point 0 0 23 21S 23E SL		P	18790000	OS	0.015	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Casing Schematic



Well name:
Operator: **Tidewater Oil & Gas**
String type: **Surface**
Location: **Grand County**

03-06 Tidewater St 23-2

Project ID:
43-019-31467

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 150 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 38 psi
Internal gradient: 0.433 psi/ft
Calculated BHP 255 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 437 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 1,100 ft
Next mud weight: 9.000 ppg
Next setting BHP: 514 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	8.625	24.00	K-55	ST&C	500	500	7.972	24.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1370	6.282	255	2950	11.59	12	263	21.93 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & Mining

Phone: 801-538-5280

Date: March 21,2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

03-06 Tidewater St 23-2Operator: **Tidewater Oil & Gas**String type: **Production**

Project ID:

43-019-31467

Location: **Grand County****Design parameters:****Collapse**

Mud weight: 9.000 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 80 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface pressure:

38 psi

Internal gradient: 0.433 psi/ft

Calculated BHP 514 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 952 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1100	4.5	11.60	K-55	ST&C	1100	1100	3.875	25.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	514	4960	9.649	514	5350	10.41	13	170	13.33 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280

Date: March 21,2006
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 1100 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: ML49492	6. SURFACE: State <input checked="" type="checkbox"/>
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company, LLC		8. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: 1645 Court Pl, Ste 301 Denver CO 80202		9. WELL NAME and NUMBER: Tidewater State 23-2	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2016.6 FNL, 411.12 FEL AT PROPOSED PRODUCING ZONE: 2016.6 FNL, 411.12 FEL		PHONE NUMBER: (303) 468-0656	10. FIELD AND POOL, OR WILDCAT: Wildcat
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1		11. QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 23 21S 23E	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 625		12. COUNTY: Grand	13. STATE: UTAH
16. NUMBER OF ACRES IN LEASE: 600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 10	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) na		19. PROPOSED DEPTH: 1,100	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): Ground level = GL = 4335'		20. BOND DESCRIPTION: Single Well	
22. APPROXIMATE DATE WORK WILL START: 2/1/2006		23. ESTIMATED DURATION: 7 days	

24.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.25"	8 5/8" K55 24	500	Redi-mix cement, 300 CF 118 ^{cc} /sk 15-6 12 ppg
6.5"	4.5 K55 10.5	1,100	Class G w/ 5% gel, 240 CF 164 ^{cc} /sk 13.8 12 ppg
			4% Cello flakes, DLD
			2% CACL

25.

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) James Jones

TITLE President

SIGNATURE

DATE 1/1/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31467

APPROVAL:

(11/2001)

(See Instructions on Reverse Side)

RECEIVED

MAR 21 2006

DIV. OF OIL, GAS & MINING

TIDEWATER OIL & GAS COMPANY LLC

1645 Court Place, Suite 301

Denver, Colorado 80202

(303) 468-0656

03/29/2006

Brad Hill
O&G Permitting Manager / Petroleum Geologist
State of Utah Division of Oil, Gas & Mining
1594 West North Temple
Suite #1210
Salt Lake City, UT 84114

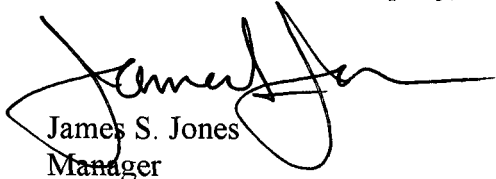
Brad,

I have had conversations with the Clerk & Recorder at the Moab Office in regards to T21S R 23E Sec 23 and the Tidewater State Well #23-2. The County Recorder shows the surface owner in Sec 23 SE4NE4 as a Ballard Harris (deceased). We have made numerous attempts to contact any heirs or anyone with knowledge we could use for contact but have been unsuccessful.

The situation is further compounded with the Trust Lands Administration issuance of Lease ML 49492. The Legal description on this lease shows T21S R23E Sec 23 : E2NE4, S2. This is in direct conflict with the County Recorders plat showing Ballard Harris as the surface owner.

Your assistance in rectifying this matter would be greatly appreciated.

Thank You,
Tidewater Oil & Gas Company, LLC


James S. Jones
Manager

RECEIVED

APR 06 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML49492	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME	
2. NAME OF OPERATOR: Tidewater Oil & Gas Company, LLC				9. WELL NAME and NUMBER: Tidewater State 23-2	
3. ADDRESS OF OPERATOR: 1845 Court Pl, Ste 301 CITY Denver STATE CO ZIP 80202				10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE. 2016.6 FNL, 411 FEL AT PROPOSED PRODUCING ZONE. 2016.6 FNL, 411 FEL				11. QTR/QT. SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 23 21S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1				12. COUNTY: Grand	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 625		16. NUMBER OF ACRES IN LEASE: 600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 10	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 118		19. PROPOSED DEPTH: 1,100		20. BOND DESCRIPTION: Single Well	
21. ELEVATIONS (SHOW WHETHER DF, RT, CR, ETC.) Ground level = GL = 4335'		22. APPROXIMATE DATE WORK WILL START: 2/1/2006		23. ESTIMATED DURATION: 7 days	

24

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.25"	8 5/8" K55 24	500	Redi-mix cement, 300 CF 12 ppg
6.5"	4.5 K55 10.5	1,100	Class G w/ 5% gel, 240 CF 12 ppg
			4% Cello flakes,
			2% CACL

25.

ATTACHMENTS

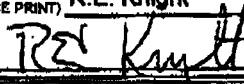
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES

- ☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☒ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- ☒ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) **R.E. Knight**TITLE **Agent**

SIGNATURE

DATE **4/7/2006**

(This space for State use only)

API NUMBER ASSIGNED: _____

APPROVAL: _____

(11/2001)

(See Instructions on Reverse Side)

RECEIVED**APR 07 2006**

DIV. OF OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF ADOPTING AMEND-)
MENTS TO FIELD RULE 1-2 AND 2-2,)
CAUSE NO. 2, NO. 102-5, AND NO.)
102-16, WHICH RULES ESTABLISHED)
WILDCAT WELL SPACING FOR THE)
SEIBER-CISCO NOSE AREA, GRAND)
COUNTY, UTAH)

FINDINGS AND ORDER

CAUSE NO. 102-16B

This cause came on for hearing before the Board of Oil, Gas and Mining at 10:00 a.m. on Wednesday, September 26, 1979, in the executive Conference Room, Holiday Inn, 1659 West North Temple, Salt Lake City, Utah.

The following Board Members were present:

Charles R. Henderson, Chairman

John L. Bell, Member

Edward T. Beck, Member

Thadis W. Box, Member

Constance K. Lundberg, Member

C. Ray Juvelin, Member

E. Steele McIntyre, Member

Appearances were made as follows:

James Bowers

Damon Gilland

Dean Christensen

Don Quigley

NOW, THEREFORE, the Board having heard the testimony of the witnesses and having considered the evidence and being advised in the premises, now makes and orders the following:

FINDINGS

1. That due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner and within the time required by law.
2. That the Board has jurisdiction over the matter covered by said application and over all parties interested therein and has jurisdiction to make and promulgate the order hereinafter set forth.
3. That the Dakota, Morrison and Cedar Mountain Formations underly the area under consideration.
4. That the sands of the Dakota, Morrison and Cedar Mountain Formations are lenticular in nature.

5. That most, if not all, of the operators in the area are of the opinion that it is not economically feasible to drill wells on the 40 acre or 640 acre wildcat spacing pattern as provided for in Rule C-3, General Rules and Regulations and Rules of Practice and Procedure.

6. That there is unanimity among the operators with respect to the suggested amendments to Field Rule 2-2.

IT IS THEREFORE ORDERED:

ORDER

1. That the Board's order in Cause No. 2, Cause No. 102-5, and Cause No. 102-16 is hereby revised as follows:

Field Rule 1-2 reads:

The spacing of all wells drilled for oil or gas which are within the following described area--to wit:

Township 18 South, Range 25 East
Sec: 25 through 36

Township 18 South, Range 26 East
Sec: 29 through 32

Township 19 South, Range 23 East
Sec: 19 through 36

Township 19 South, Range 24 East
Sec: All

Township 19 South, Range 25 East
Sec: All

Township 19 South, Range 26 East
Sec: 5 through 8

Township 20 South, Range 21 East
Sec: All

Township 20 South, Range 22 East
Sec: All

Township 20 South, Range 23 East
Sec: All

Township 20 South, Range 24 East
Sec: All

Township 20 South, Range 25 East
Sec: All

Township 21 South, Range 22 East
Sec: 1 through 12

Township 21 South, Range 23 East
Sec: All

Township 21 South, Range 24 East
Sec: All

and are not within a pool for which drilling units have been established shall be governed by Field Rule 2-2.

Field Rule 2-2 is amended to read:

"All wells drilled for the discovery of oil and/or gas which are not within a pool, reservoir, or field for which drilling units have been established or for which a petition for establishment of a drilling unit has been filed, shall be located not less than 500 feet from any property or lease line and not less than 200 feet from the boundary of any legal subdivision comprising a governmental quarter-quarter section or equivalent lot or lots of comparable size and location, and not less than 400 feet from any oil well, or less than 1320 feet from any gas well, unless otherwise specifically authorized by the Board after notice of hearing.

Whenever an exception is granted by the Board, the Board may, at any time thereafter, take such action as will offset any advantage which the person securing the exception may obtain over the other producers in the area covered by Field Rule 1-2."

All previously drilled wells and all wells drilled in the future which:

- a. are less than 660 feet from the lease or property line and are classified as gas wells or
- b. are less than 200 feet from the lease or property line and are classified as oil wells

may be offset, the same distance from the property line or a drilling unit may be established for said well is the Board of Oil, Gas and Mining, finds, after notice and a hearing that correlative rights are being violated.


All notices of Intention of Drill must be accompanied by a plat on which is outlined the acreage covered by the lease on which the well is to be drilled.

Rule 1-2 and Rule 2-2 are only applicable to wells drilled or to be drilled to a depth of 3500 feet or less.

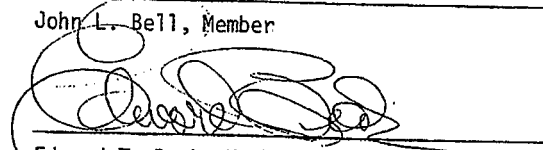
2. That the board retains continuing jurisdiction over all matters covered by this order and particularly to make further orders as may be necessary under conditions and circumstances developed in the future.

ENTERED this 15th day of November, 1979.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

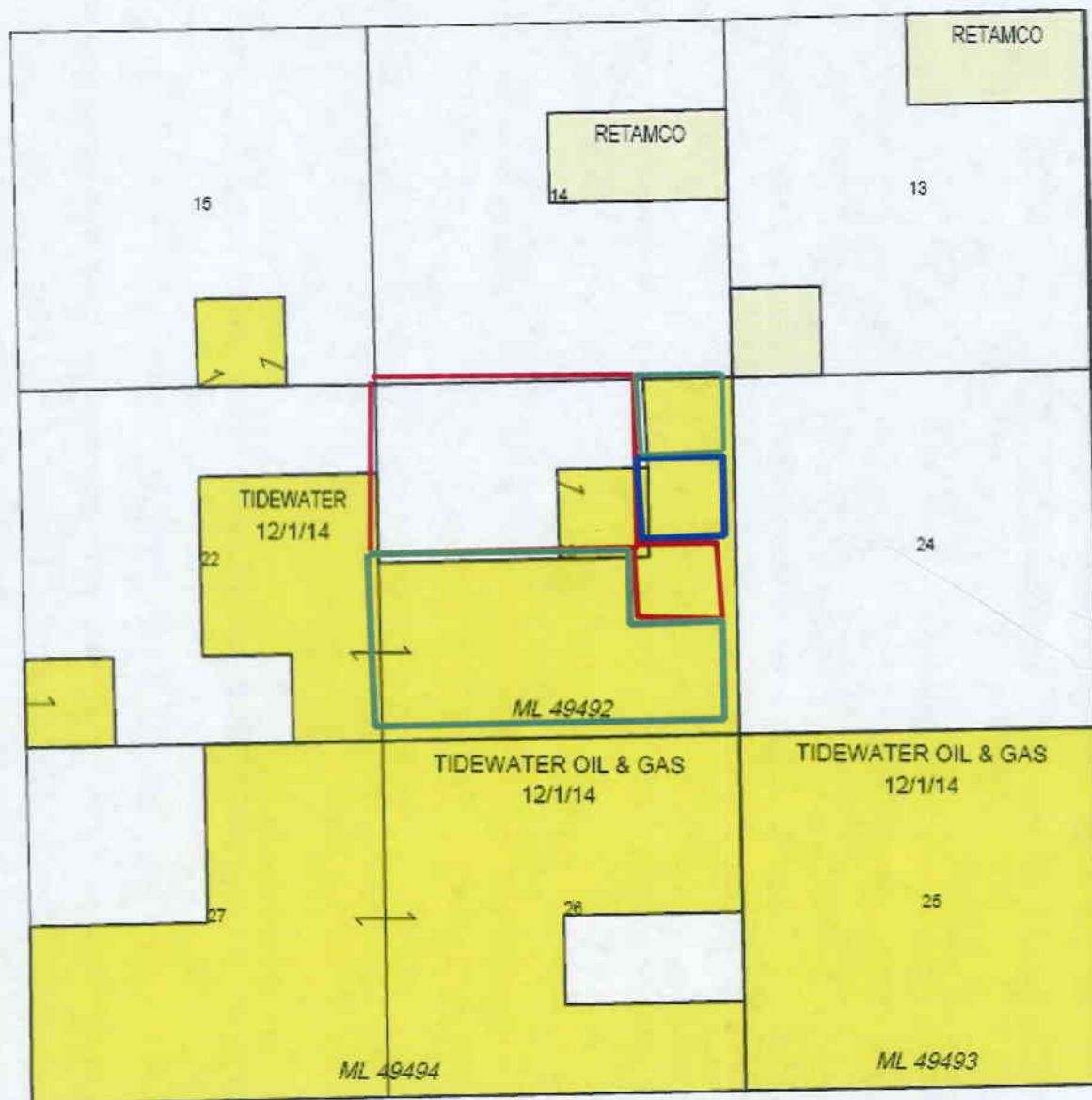

Charles R. Henderson, Chairman

John L. Bell, Member


Edward T. Beck, Member

R 23 E

T
21
S



USA



STATE



SURFACE

Ballard Harris
1860 North Lund Highway
Cedar City, UT 84720

From: Ed Bonner
To: Whitney, Diana
Date: 5/8/2006 12:36:16 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Enduring Resources, LLC

Buck Camp 11-22-13-36
Buck Camp 11-22-14-36
Buck Camp 11-22-21-36
Buck Camp 11-22-22-36
Buck Camp 11-22-23-36
Buck Camp 11-22-24-36
Buck Camp 12-22-11-2
Buck Camp 12-22-13-2
Buck Camp 12-22-21-2
Buck Camp 12-22-24-2
Buck Camp 12-22-34-2
Buck Camp 12-22-41-2 (1 significant site which must be avoided)
Buck Camp 12-22-42-2
Buck Camp 12-22-43-2
Buck Camp 12-22-44-2

Kerr McGee Oil & Gas Onshore LP

NBU 922-32E
NBU 922-32H
NBU 922-32D
NBU 922-32J3
NBU 922-32O2
NBU 922-32J1

Westport Oil & Gas Company

NBU 922-32N

Tidewater Oil & Gas Company

Tidewater State 23-1
Tidewater State 23-2 (1 significant site which must be avoided)
Tidewater State 23-5
Tidewater State 32-3

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 21, 2006

Tidewater Oil & Gas Company, LLC
1645 Court Pl., Ste. 301
Denver, CO 80202

Re: Tidewater State 23-2 Well, 2016' FNL, 411' FEL, SE NE, Sec. 23, T. 21 South,
R. 23 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31467.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
SITLA

Operator: Tidewater Oil & Gas Company, LLC
Well Name & Number Tidewater State 23-2
API Number: 43-019-31467
Lease: ML-49492

Location: SE NE Sec. 23 T. 21 South R. 23 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

Page 2
43-019-31467
September 21, 2006

6. In accordance with Rule R649-3-34(9), the Division of Oil, Gas and Mining shall establish minimum wellsite restoration requirements for this well. Prior to plugging and abandonment of this well, the operator shall notify the Division and allow the Division to establish such minimum wellsite restoration requirements in advance of the operator commencing plugging and abandonment operations.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML49492

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER _____

8. WELL NAME and NUMBER:
TIDEWATER ST 23-2

2. NAME OF OPERATOR:
Tidewater Oil & Gas, LLC

9. API NUMBER:
4301931467

3. ADDRESS OF OPERATOR:
110 16th St., Suite 1220 Denver CO 80202 PHONE NUMBER:
(303) 486-0656

10. FIELD AND POOL, OR WILDCAT:
WILDCAT

4. LOCATION OF WELL

FOOTAGES AT SURFACE: **2016 FNL, 411 FEL**

COUNTY: **GRAND**

QTR/QTR SECTION, TOWNSHIP, RANGE, MERIDIAN: **SENE 23 21S 23E**

STATE: **UTAH**

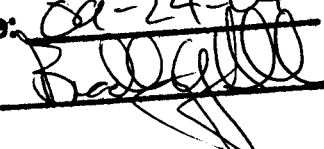
11. **CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 3/1/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: EXTEND APD
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

TIDEWATER OIL & GAS, LLC REQUESTS AN APD EXTENSION FOR THIS WELL.

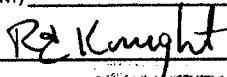
Approved by the
Utah Division of
Oil, Gas and Mining

Date: **02-24-07**
By: 

NAME (PLEASE PRINT) **R.E. KNIGHT**

TITLE **Agent**

SIGNATURE



DATE **3/14/2007**

(This space for State use only)

9/25/07
Rm

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301931467
Well Name: Tidewater State 23-2
Location: SENE Sec 23, T21S, R23E
Company Permit Issued to: Tidewater Oil & Gas, LLC
Date Original Permit Issued: 9/21/2006

I, the undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

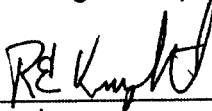
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

9/14/2007

Date

Title: Agent

Representing: Tidewater Oil & Gas, LLC

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
 2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

2/12/2008

FROM: (Old Operator):
 N3000-Tidewater Oil & Gas Company, LLC
 110 16th St, Suite 1200
 Denver, CO 80202

Phone: 1 (303) 327-7134

TO: (New Operator):
 N3440-NAE, LLC
 16800 Imperial Valley Dr, Suite 380
 Houston, TX 77060

Phone: 1 (281) 931-8933

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 2/26/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 2/22/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/15/2008
- a. Is the new operator registered in the State of Utah: _____ Business Number: 6666480-0161
- b. If **NO**, the operator was contacted contacted on: _____
- 5a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- 5b. Inspections of LA PA state/fee well sites complete on: ok
- 5c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**
 The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**
 The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 2/27/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 2/27/2008
- Bond information entered in RBDMS on: 2/27/2008
- Fee/State wells attached to bond in RBDMS on: 2/27/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 2/27/2008

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000296
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8030575893
- b. The **FORMER** operator has requested a release of liability from their bond on: 2/22/2008
 The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☐

OTHER

2. NAME OF OPERATOR:

NAE, LLC

3. ADDRESS OF OPERATOR:

16800 Imperial Valley Dr.

CITY

Ste. 380 HOUSTON

STATE

TX

ZIP

77060

PHONE NUMBER:

(281) 931-8933

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐

NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

☐

SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

☐

ACIDIZE

☐

ALTER CASING

☐

CASING REPAIR

☐

CHANGE TO PREVIOUS PLANS

☐

CHANGE TUBING

☐

CHANGE WELL NAME

☐

CHANGE WELL STATUS

☐

COMMINGLE PRODUCING FORMATIONS

☐

CONVERT WELL TYPE

☐

DEEPEN

☐

FRACTURE TREAT

☐

NEW CONSTRUCTION

☒

OPERATOR CHANGE

☐

PLUG AND ABANDON

☐

PLUG BACK

☐

PRODUCTION (START/RESUME)

☐

RECLAMATION OF WELL SITE

☐

RECOMPLETE - DIFFERENT FORMATION

☐

REPERFORATE CURRENT FORMATION

☐

SIDETRACK TO REPAIR WELL

☐

TEMPORARILY ABANDON

☐

TUBING REPAIR

☐

VENT OR FLARE

☐

WATER DISPOSAL

☐

WATER SHUT-OFF

☐

OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

NAE, LLC will be assuming all plugging and reclamation liabilities for the wells on the schedule attached hereto.

Effective Date: 2/12/08

Federal Bond Number: UTB000296

State Bond Number: 8030575893

Name: Tidewater Oil & Gas Company LLC. Address: 110 16th St., Ste 1200, Denver, CO 80202

Signature:

Title:

Date:

02/21/08

NAME (PLEASE PRINT)

MICHAEL CORWISH

TITLE

MANAGER NAE

SIGNATURE

DATE

2/13/08

(This space for State use only)

APPROVED

2/27/08

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

FEB 22 2008

DIV. OF OIL, GAS & MINING

well_name	sec	twp	rng	api	entity	lease	well	stat
FEDERAL MSC 26-1	26	210S	190E	4301931407	14785	Federal	GW	S
FEDERAL 7-34-2122	07	210S	220E	4301931484		Federal	OW	APD
BLACK HAT FED 18-43-2224	18	220S	240E	4301931495		Federal	OW	APD
OLD SAGERS FED 13-32-2222	13	220S	220E	4301931497		Federal	OW	APD
STATE 1-32	32	210S	190E	4301931394	13598	State	OW	PA
STATE 21-19 (32-16D)	32	210S	190E	4301931399	13903	State	OW	TA
STATE MSC 16-1	16	210S	200E	4301931401	14166	State	OW	S
STATE MSC 35-1	35	210S	190E	4301931404	14259	State	GW	S
N THOMPSON 2-1	02	210S	200E	4301931412	14376	State	GW	OPS
TIDEWATER ST 23-5	23	210S	230E	4301931466	16258	State	OW	PA
TIDEWATER ST 23-2	23	210S	230E	4301931467		State	GW	APD
TIDEWATER ST 23-1	23	210S	230E	4301931468		State	GW	APD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	* Please see attached schedule *
API number:	
Location:	
Company that filed original application:	Tidewater oil + Gas Company
Date original permit was issued:	
Company that permit was issued to:	

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>8030575893</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Michael Carnish Title MANAGER
Signature [Signature] Date 2-26-08
Representing (company name) NAE, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

FEB 26 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 24, 2008

R.E. Knight
Tidewater Oil & Gas, LLC
110 16TH Street, Ste. 1220
Denver, CO 80202

Re: APD Rescinded – Tidewater St 23-2, Sec.23, T. 21S, R. 23E, Grand County, Utah API No. 43-019-31467

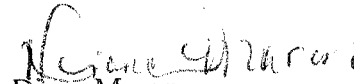
Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 21, 2006. On September 24, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 24, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

